

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
July 26, 2005
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on July 26, 2005 in the Auditorium on the 5th floor of the Michael A. Bilandic Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Aaron Jaffe and Charles Gardner, Eugene Winkler, Joseph Moore, and James Sullivan.

Chairman Jaffe convened the July 26, 2005 Regular Meeting at 9:25 A.M. in the 3rd floor Board Conference Room.

The Board convened its Open Session at 1:30 P.M.

Chairman's Report

Chairman Jaffe announced that two new Board members, Joseph Moore and James Sullivan have been appointed to the Board. Chairman Jaffe stated that he feels that the two new Board members are people with great integrity and are well known and respected in the community.

Chairman Jaffe introduced Member Moore and Member Sullivan to the public.

Chairman Jaffe stated that this Board would be a Board of integrity and honesty and will work to make the gaming industry one that the people of Illinois could be proud of.

Board Members Comments

Member Gardner stated that he would like to personally thank former Board members Gary Peterlin and Bill Dugan for accepting Member Winkler and himself onto the Board several months ago. Member Gardner stated that he felt that Gary Peterlin and Bill Dugan were very helpful and cooperative in updating he and Member Winkler when they first joined the Board.

Administrator's Report

Interim Administrator Tamayo announced changes on today's (July 26, 2005) agenda.

Interim Administrator Tamayo briefed the public on the closed session agenda items that the Board and Staff discussed.

Interim Administrator Tamayo announced that former employees Mark Anderson and Pete Kink have returned to the Gaming Board to assist with investigative matters. Interim Administrator Tamayo stated that the Gaming Board has also received two filing clerks. Interim Administrator Tamayo stated that Staff continues to process a number of personnel requests.

Interim Administrator Tamayo stated that Staff is processing the final contracts for the fiscal year. Interim Administrator Tamayo stated that if there is anyone whom the Gaming Board owes money to, they should submit those bills to the Gaming Board as soon as possible because the lapse period is in August.

Interim Administrator Tamayo announced that the Board is planning to hold its August meeting out of town, and it looks as if it might be held at Casino Queen's facility in East St. Louis Illinois.

Interim Administrator Tamayo stated that the Board intends to have another meeting that would focus exclusively on the Board's legislative initiatives.

Owner Licensee Items

Casino Queen – License Renewal – Tom Monaghan, General Manager, was present on behalf of Casino Queen to request initial consideration for license renewal.

Mr. Monaghan thanked various Staff members for all of their cooperation that they put in on the license renewal.

Mr. Monaghan provided the Board with a DVD presentation that outlined Casino Queen's commitment to economic development; employee benefits and training programs; its use of Illinois vendors; its efforts to bring tourism to the community; its charitable donations; and its plans for a new 138,000 square foot state of the art gaming facility.

Mr. Monaghan provided the Board with informational binders that provided a detailed overview of Casino Queen's operations.

Member Gardner inquired about the square footage of the proposed new gaming facility. Mr. Monaghan stated that the casino would be 38,000 square feet.

Member Gardner asked if the 138,000 square feet that was mention during the DVD presentation includes the hotel. Mr. Monaghan stated that it does not. Mr. Monaghan stated that the 138,000 square feet includes other amenities that would be added to the new facility.

Member Gardner stated that the DVD mentioned Casino Queen's \$5 million dollars to charity and \$2.5 million dollars to S.W.I.D.A. Member Gardner inquired if the \$2.5 million

dollars to S.W.I.D.A. was included in the \$5 million dollars to charity or is it separate. Mr. Monaghan stated that those are two separate entities.

Member Winkler inquired if there are people from the community on the Casino Queen Foundation board. Mr. Monaghan stated that there are no people from the community on the Board presently, however, it is something that he could bring before the Board of Directors.

Member Winkler expressed his concerns regarding Casino Queen's self-exclusion program where compulsive gamblers who have been self-excluded have been allowed in the casino repeatedly. Mr. Monaghan stated that the Casino Queen is very hopeful to be a part of the state wide self-exclusion program within three months.

Member Gardner inquired about Casino Queen's in-house educational programs and asked if Casino Queen provided tuition reimbursement for its employees. Mr. Monaghan stated that it is up for review with the Board of Directors. Mr. Monaghan stated that the Board of Directors are very open to tuition reimbursement and he expects that it would be approved.

Member Winkler stated that he does not see much that has happened in East St. Louis as a result of tax dollars generated from Casino Queen. Member Winkler stated that he realizes that it is more of East St. Louis' problem than it is Casino Queen, however, the community of East St. Louis is a very beleaguered place. Mr. Monaghan stated that the growth of the community is hopefully imminent in the near future.

Member Winkler inquired how could Casino Queen, as the largest private employer in the community, begin to work with officials of East St. Louis on improvements in the community. Mr. Monaghan stated that in the past couple of months there have been meetings with the Board of Directors and the Mayor's Office of East St. Louis in looking towards the future in enhancing the town.

Chairman Jaffe asked what Casino Queen's relationship was with the Mayor and elected officials of East St. Louis. Mr. Monaghan stated that Casino Queen has always had a great working relationship with everyone in the City of East St. Louis.

Member Moore inquired what Casino Queen's impact would be on the community as the casino grows. Jeff Watson, General Counsel, stated that with the new facility there would be increased taxes with the State and the City. Mr. Watson stated that Casino Queen has made a commitment to use 50% local and minority contractors throughout the building process. Mr. Watson stated that Casino Queen is working as a team with the City of East St. Louis to try to encourage as many of the local construction trades as possible. Mr. Watson stated that Casino Queen has also made a commitment that East St. Louis residents would be given a priority to any jobs created by the new facility.

Member Winkler inquired if the City of East St. Louis has used a good deal of the tax dollars to pay off the bankruptcy dept from the past years. Mr. Watson stated that it is his understanding that before the opening of Casino Queen, the City of East St. Louis was

indebted to the State of Illinois and other entities for approximately \$60 million dollars. Mr. Watson stated that the City of East St. Louis announced at a city council meeting that the city has retired the bulk of its debt.

Mr. Watson stated that in response to the shape and status of the City of East St. Louis, the bulk of the local gaming tax that the city received over the years has gone to retire the city's debt.

MGM Mirage – Key Person – Sid Froelich was present on behalf of MGM Mirage. Mr. Froelich stated that the members of MGM did not realize that the financing had not been reviewed. Mr. Froelich stated that the approval of the merger pending the financing means that MGM would leave the shares in escrow until the financing is approved because MGM can not take the financing money out until the entire package is approved. Mr. Froelich stated that MGM is requesting that while the merger is approved today, MGM would be allowed to come back at the earliest convenience for approval of the financing because MGM would not be able to close one without the other.

Based on the staff's review and recommendation, Member Gardner moved that **the Board approve the acquisition of Mandalay Resort Group by MGM Mirage and further approve the following entities and individuals as Key Persons of the licensee:**

1. **MGM Mirage;**
2. **Tracinda Corporation;**
3. **Kirk Kerkorian;**
4. **John Redmond;**
5. **Gary N. Jacobs;**
6. **Karl J. Breyer;**
7. **Daniel Azark;**
8. **Martha A. Sabol;**
9. **Nicholas J. Pritzker;**
10. **Thomas J. Pritzker;**
11. **Marshall E. Eisenberg;**
12. **RBG, LP;**
13. **RBG Investors LP;**
14. **PG Investors LP;**
15. **HCCA Corporation;**
16. **Mandalay Resort Group;**
17. **MSE Investments, Inc.;**
18. **Last Chance Investments, Inc.;**
19. **Diamond Gold, Inc.; and**
20. **Nevada Landing Partnership.**

Further, Member Gardner moved that **the Board designate Hyatt Gaming Management, Inc. as a Key Person.** Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Item

Shuffle Master, Inc. – License Renewal – Donna More, Attorney, was present on behalf of Shuffle Master, Inc. to request approval for license renewal.

Based on the staff's investigation and recommendation, Member Moore moved that **the Board approve the Supplier's license of Shuffle Master, Inc. for a term of 4 years expiring July 2009.**

Further, based on the staff's investigation and recommendation, Member Moore moved that **the Board designate and approve the following persons and positions as Key Persons of the licensee:**

1. Mark L. Yoseloff;
2. Paul C. Meyer;
3. Chief Executive Officer;
4. President; and
5. Chief Operating Officer;

Further, based on the staff's investigation and recommendation, Member Moore moved that **the Board approve Shuffle Master, Inc. to provide Automatic Card Shufflers, Table Games/Layouts, and Video/Stot machines, which are listed on Illinois Approved Product List pursuant to the requirements set out in the Adopted Rules of the IGB.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licenses Approvals & Denials – Level 2's & 3's

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve 50 applications for an Occupational License, Level 2, and 185 applications for an Occupational License, Level 3.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearing/ALJ Reports

- In Re The Disciplinary Action of Emerald Casino, Inc., DC-01-05 and In Re in The Matter of the Denial of the Renewal of the Owner's License of Emerald Casino, Inc., GL-01-01
 - Motion to Disqualify ALJ Abner Mikva

Robert Clifford, Attorney, was present on behalf of Emerald Casino. Mr. Clifford stated that the motion is not directed personally against Judge Mikva for whom he has always had great respect. Mr. Clifford stated that this is a matter where he would have moved to disqualifying

any then sitting Administrative Law Judge for the reasons outlined in the motion. Mr. Clifford stated that the appointment of the Judge and the continuation of the revocation proceedings were not initiated by an affirmative vote of the Board.

Based upon review of the parties' written submissions, Member Winkler moved that **the Board deny Emerald Casino, Inc.'s Motion to Disqualify Administrative Law Judge and issue a written order consistent therewith.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

Proposed Complaints and Disciplinary Actions

Empress Casino- Self-Exclusion Program- Susan Gouinlock and Jeff Pfeiffer, General Manager, were present on behalf of Empress Casino.

Member Gardner emphasized how committed the Board is to implementing and policing the Self-Exclusion Program. Member Gardner stated that he trusts that the nature of this disciplinary action would attract the industry's attention.

Member Winkler stated that the Self-Exclusion Program is very important and he echoes Member Gardner's comments. Member Winkler stated that the Board intends on making the Self-Exclusion Program a top priority.

Member Moore inquired what is Empress doing to ensure that it is not issued another disciplinary complaint regarding the Self-Exclusion Program.

Mr. Pfeiffer stated that as soon as Empress discovered the weakness in the system two years ago, it immediately acted to corrected the issue of downloading files. Mr. Pfeiffer stated that Empress added additional steps for backtracking the files for all of the names downloaded. Mr. Pfeiffer stated that Empress has its corporate auditing department doing audits of checks being cashed to ensure that they are not listed on the Self-Exclusion Program. Mr. Pfeiffer stated that the surveillance department monitors transactions to ensure that the employees are checking for self-excluded persons.

Member Winler inquired what Empress was doing about the mailing of promotional materials to persons who are self-excluded.

Mr. Pfeiffer stated that it starts first with making sure that people are flagged in the system. Mr. Pfeiffer stated that before a piece of mail goes out, it is checked one last time before the mail house drops it.

Based on a review of the staff's investigation and recommendation, Member Gardner moved that **the Board issue a disciplinary complaint against Empress Casino, an Owner Licensee, based on:**

- (1) its failure to enter the information of 240 self-exclusion program enrollees into the casino data system despite the fact the Board provided regular updates to Empress;**
- (2) its mailing of promotional material between May 24, 2003 and September 19, 2003 to 23 self-exclusion program enrollees;**
- (3) the cashing of checks for 3 patrons enrolled in the self-exclusion program;**
- (4) the payment of jackpots for 4 persons enrolled in the self-exclusion program;**
- (5) the issuance of comps for 3 persons enrolled in the self exclusion program; and**
- (6) the issuance of slot point redemptions to 3 persons enrolled in the self-exclusion program.**

Further, Member Gardner moved that **the Board fine Empress Casino \$600,000. The aforementioned action will take affect twenty-one (21) days from the date of service of the complaint unless the licensee files an answer within that time period.**

Further, Member Gardner moved that **the Board accept the proposed settlement agreement between the Board and Empress Casino and delegate the authority to the Interim Administrator to execute such agreement upon payment of the fine.** Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman Jaffe stated that he realizes that with the imposition of a \$600,000 fine that the Board will continue to be considered an aggressive Board. Chairman Jaffe stated that does not bother the Board because the Board has a duty to the people of the State of Illinois to protect the integrity of gaming and that's exactly what the Board intends to do.

Public Commentary

Langdon Neal, Attorney, was present on behalf of 18 minority and women investors of the Emerald Casino. Mr. Neal expressed his clients concerns regarding the \$33 million dollars that his clients paid to Emerald Casino. Mr. Neal stated that prior to the 1999 amendment, no Illinois casino was required to seek out and obtain minority and women. Mr. Neal stated that prior to the 1999 amendment, none of the minorities or women that he represent had any relationship to Emerald or to the Village of Rosemont. Mr. Neal stated that none of the persons that he represent had any participation in the management in Emerald, the contracts for construction for the casino in Rosemont, nor the contracts between Emerald and the village of Rosemont. Mr. Neal stated that to this date his clients have purposely remained silently and intentionally have not initiated or attempted to join in any of the litigation

brought by Emerald or the Village of Rosemont. Mr. Neal stated that it now appears that the fate of the minority and women investors are bound together with the Village of Rosemont. Mr. Neal stated that he is aware that the previous Board has received proposals that would follow the Staff's recommendations and award the 10th license to the second bidder at the bankruptcy auction. Mr. Neal stated that this proposal should and could be acted upon immediately to avoid the time and expense of continuing the present proceedings against Emerald; to provide the state with immediate infusion of needed funds; and to ensure his clients a return of their investment, which they made in good faith in 1999.

Mr. Neal introduced Connie Payton, Althea Knowles, and Rudy Rodriguez, who read prepared statements expressing their concerns regarding the investments made by the minority and women investors, and urged the Board to end the revocation proceedings and award the 10th license to an acceptable owner and location.

At 3:00 P.M. Member Gardner moved that the Board reconvene to Closed session. Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned Closed session at 3:35 P.M.

Respectfully submitted,
Monica Thomas

Secretary to the Board